

1.0 Utah State Tax Commission

Summary

The Utah State Tax Commission administers the tax laws of the State and collects tax revenue for the State of Utah and its local governments. It collects and distributes revenue from more than 40 taxes, surcharges and fees, registers automobiles and regulates the automobile industry.

Department Mission Statement

The mission of the Utah State Tax Commission is to collect revenue for the State and local governments and to equitably administer tax and assigned motor vehicle laws.

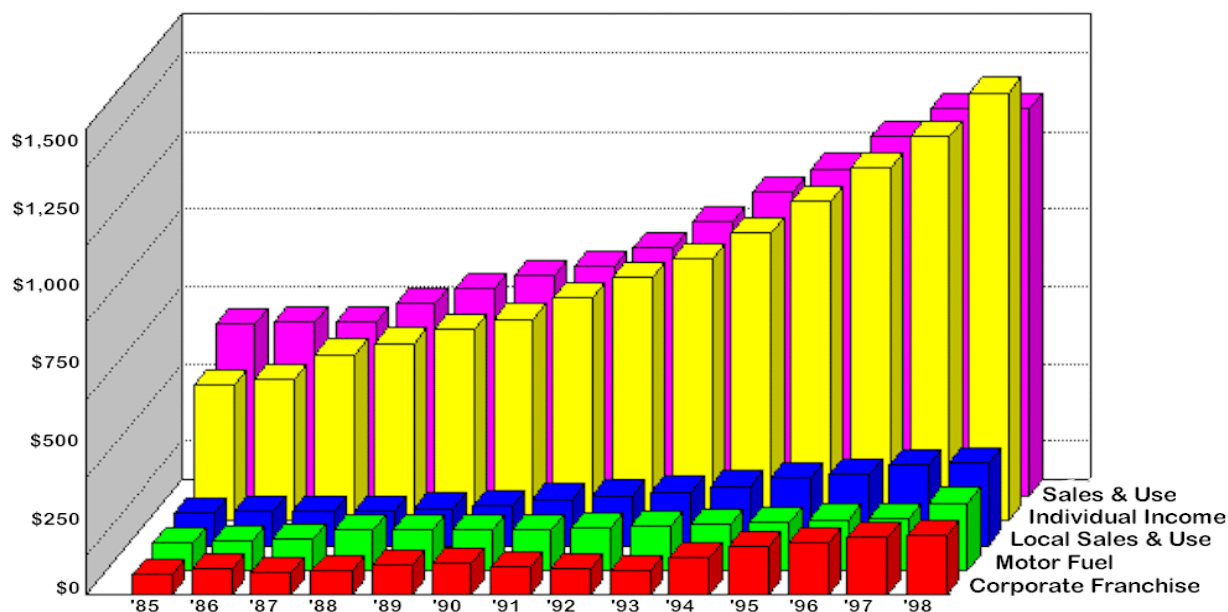
Financial Summary

	FY 1999	FY 2000	
	Estimated	Analyst	Difference
Financing			
General Fund	\$23,953,500	\$23,968,800	\$15,300
Uniform School Fund	16,147,400	15,789,800	(357,600)
Transportation Fund	4,857,400	4,857,400	
Federal Funds	502,100	412,000	(90,100)
General Fund Restricted	4,993,600	4,746,000	(247,600)
Dedicated Credits	6,198,300	6,647,000	448,700
Beginning Nonlapsing	4,650,500	3,900,500	(750,000)
Closing Nonlapsing	(3,900,500)	(3,071,900)	828,600
Total	\$57,402,300	\$57,249,600	(\$152,700)
Programs			
Administration Division	\$5,485,200	\$5,853,300	\$368,100
Auditing Division	7,655,600	7,672,400	16,800
Multi-State Compact	174,300	174,300	
Technology Management Division	9,600,700	9,083,900	(516,800)
Tax Processing Division	8,570,700	8,335,400	(235,300)
Seasonal Employees	686,000	686,400	400
Collections Division	4,803,700	4,842,200	38,500
Property Tax Division	3,886,300	3,925,900	39,600
Customer Service Division	9,759,300	9,718,900	(40,400)
Motor Vehicle Enforcement Division	1,844,700	1,857,400	12,700
License Plate Production	2,326,800	2,326,800	
Liquor Profit Distribution	2,609,000	2,609,000	
Building Blocks		163,700	163,700
Total	\$57,402,300	\$57,249,600	(\$152,700)
		(0.27%)	
Standard FTE	858.00	882.00	24.00
Expansion FTE	0.00	0.00	0.00

Key Measurement

The overall agency revenue collections summarized below result from the combined work and diligence of all agency personnel.

History of Major State Taxes 1985 to 1998



The Tax Commission is responsible to collect both current tax liabilities, as well as delinquent taxes that are due. The total revenues collected in FY98 were in excess of \$3.855 billion dollars. Of that amount, \$72 million was collected from delinquent taxpayers. This is less than two percent of total collections. In addition to the Tax Commission's Collection Division employees, statute authorizes the Tax Commission to out-source delinquent accounts to private collectors on accounts older than 24 months. Out-sourcing can result in additional resources to work on the state's most delinquent account balances. The Tax Commission is currently working towards outsourcing more of these delinquent accounts.

2.0 Budget Highlights: Utah State Tax Commission

2.1 UTAX

The UTAX project is the Utah State Tax Commission's modernization project to use technology to streamline and integrate business processes in the identification, processing, and collection of the State's taxes. The project is a joint venture of the Tax Commission and AMS (American Management Systems), using an "off-the-shelf" system adapted to Utah's tax laws. Much of the system's costs relate to the customization of the systems to incorporate all of the various Utah tax laws and the interfacing of the multiple systems. Five systems are being replaced, including the Motor Vehicle, Sales Tax, Individual Income Tax, Withholding Tax and Corporate Income Tax. The project will resolve the Year 2000 problem in the systems developed. The Tax Commission believes that implementation of the system will increase tax collections and revenue, as well as customer service to the State.

Funding for the project began in 1995 and has continued each year. A total of \$26,410,900 has been appropriated so far. The Legislature also wrote intent language giving the Commission authority to use nonlapsing balances for UTAX.

The Capital Facilities Appropriation Subcommittee reviews all major technology requests. Their recommendation is for funding \$8,500,000 from bonding.

2.2 Income Tax Booklets

Privacy issues have impacted the way the Tax Commission does business. The tax payer identification number can no longer be used on the outside mailing label. The Analyst recommendation of \$80,000 ongoing funding will enable the Commission to place the labels with the taxpayer's name, address and social security number inside the tax booklet. This will provide privacy to the taxpayer while supplying the necessary information to prevent errors and mishandling when received by the Commission.

		FY 2000
Ongoing Funding		Analyst
General Fund		\$80,000
Expenditures		
Current Expense		\$80,000
Total		\$80,000

2.3 Motor Vehicle County and Branch Operations Contract Fees

Utah Code Annotated 59-2-406 authorizes the Tax Commission to contract with county governments, at the counties' option, for the combined collection of the county's fee-in-lieu and Title 1 Motor Vehicle Fees. Subsection 406(3) directs the Tax Commission to recommend a reimbursement fee..."sufficient to cover the costs of collecting the fees. The 1998 Legislature established the standard unit fee at \$1.00. The reimbursement fees shall be appropriated by the Legislature."

Under the current reimbursement formula, transaction volume increases the contracted costs. Based on the historical trend of a five percent increase in transaction volume, and the prior year's 1.6 percent Consumer Price Index adjustment, the Analyst recommends \$71,200 ongoing General Fund increase to pay for county transaction fees.

		FY 2000
Ongoing Funding		Analyst
General Fund		\$71,200
Expenditures		
Current Expense		\$71,200
Total		\$71,200

2.4 Motor Vehicle Branch Operations

As cited above, Utah Code Annotated 59-2-406 authorizes the Tax Commission to contract with county governments, at the counties' option, for the combined collection of the county's fee-in-lieu and Title 1 Motor Vehicle Fees. Several counties have elected to return the motor vehicle registration functions back to the State. Fees that used to be sent to the counties, and revenues from the counties will now be used to fund the State-paid payroll and current expenses for the motor vehicle operations and functions.

Salt Lake County maintained two locations for this purpose, one paid for by the State and the other by the county. The county is no longer willing to pay for the second office. The lease is for \$104,400 annually. The Analyst recommends \$12,500 ongoing General Fund with the remainder being paid from efficiency savings within the Commission.

		FY 2000
Ongoing Funding		Analyst
General Fund		\$12,500
Expenditures		
Current Expense		\$12,500
Total		\$12,500

2.5 Remittance Equipment Replacement

Tax payments made to the State are processed through equipment called Remittance Processors. The 1998 Legislature appropriated \$360,000 to purchase two new remittance processors with the understanding that this would accommodate the work load of the three old machines. The three previous remittance processors and accompanying systems were more than ten years old and based on 286 and 386 chip technology. No funding is available to purchase another new processor for \$180,000. The Subcommittee may want to consider a recommendation to the Executive Appropriations Committee or appropriating funding from the license plate production nonlapsing balances. This is related to motor vehicles but not specifically license plate production.

2.5 Year 2000 Problem

The State's tax and motor vehicle systems need to be made Year 2000 compliant. Programming changes are required to assure correct billing notices and to avoid problems with the State's revenue systems and collection processes. A Supplemental Appropriation request was made to the Capital Facilities Appropriations Subcommittee where a funding pool has been established in the Administrative Services Information Technology Division under the supervision of the State Chief Information Officer. Funding of \$907,400 Uniform School Fund FY 1999 has been requested through that Subcommittee.

3.1 Programs: Utah State Tax Commission - Administration Division

Recommendation

The Analyst recommends an Administration Division budget of \$5,853,300. Funding for this Division includes \$2,459,100 General Fund and \$1,572,600 Uniform School Fund. Uniform School Fund is authorized for the Tax Commission for collection of the Uniform School Fund.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$3,651,600	\$2,174,700	\$2,459,100	\$284,400
Uniform School Fund	1,592,500	1,572,600	1,572,600	
Transportation Fund	613,800	613,800	613,800	
General Fund Restricted	291,000	302,000	306,800	4,800
Dedicated Credits	46,300	72,100	72,400	300
Beginning Nonlapsing	2,728,200	1,710,600	960,600	(750,000)
Closing Nonlapsing	(1,710,600)	(960,600)	(132,000)	828,600
Total	\$7,212,800	\$5,485,200	\$5,853,300	\$368,100
% Change		(24.0%)	6.7%	
Expenditures				
Personal Services	\$3,846,900	\$4,089,500	\$4,089,500	
Travel	75,300	97,100	97,100	
Current Expense	708,100	684,800	706,200	\$21,400
Data Processing	1,404,400	613,800	960,500	346,700
Capital Outlay	1,178,100			
Total	\$7,212,800	\$5,485,200	\$5,853,300	\$368,100
% Change		(24.0%)	6.7%	
Standard FTE	75.00	75.00	75.00	0.00
Enhancement FTE				0.00

Summary

The Administration Division is comprised of the Commissioner's Office and the Office of the Executive Director. Both offices provide direction and leadership to the revenue processes of the State, as organized within eight divisions of the Utah State Tax Commission.

The Commissioners develop tax policy, rules and provide an appeals process for tax matters. The Commissioner's Economic and Statistical Unit forecasts State revenues and provides economic and statistical analyses from Tax Commission data. The Appeals Section coordinates all appeals brought before the Commission and most appeals are heard by administrative law judges. An Internal Audit Section assures agency operation are efficient and comply with the law.

The Executive Director's Office directs and coordinates the day to day operation of the Department. The Executive Director's Office provides tax financial accounting, human

resource functions for the agency, provides centralized oversight of the management and reporting of all tax monies, develops and manages the Department's budget, drafts legislation, implements bills and provides general agency support. Criminal investigation unit works with agency staff to identify fraud and develop criminal cases for prosecution.

UTAX Update

The UTAX project is the Utah State Tax Commission's modernization project to use technology to streamline and integrate business processes in the identification, processing, and collection of the State's taxes. The project is being done as a joint venture of the Tax Commission and AMS (American Management Systems), using an "off-the-shelf" system adapted to Utah's tax laws. Much of the system's costs relate to the customization of the systems to incorporate all of the various Utah tax laws and the interfacing of the multiple systems. Five systems are being replaced, including the Motor Vehicle, Sales Tax, Individual Income Tax, Withholding Tax and Corporate Income Tax. The project will resolve the Year 2000 problem in the systems developed herein. The Tax Commission believes that implementation of the system will increase tax collections and revenue to the State.

Funding for the project began in 1995 and has continued each year. The current year request is for \$8.5 million. This would bring funding to \$34,910,900 not counting nonlapsing balances. The Tax Commission notified the Analyst that an additional \$5.1 million will be required in FY 2001 to complete the project.

The Capital Facilities Appropriation Subcommittee is addressing the funding and bonding issues related to UTAX.

UTAX Project Oversight

The Tax Commission hired a consulting firm to provide oversight of the UTAX project. Additionally, the State Auditor is monitoring the contract compliance and regular reports are made to an Executive Review Committee. The Executive Review Committee includes representatives from the Governor's Office of Planning and Budget, Administrative Services, the Tax Commission and the Office of the Legislative Fiscal Analyst.

3.2 Programs: Utah State Tax Commission - Auditing Division

Recommendation

The Analyst recommends an ongoing budget of \$7,672,400. Some shifts of funds are made to align program budget with anticipated expenses.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$2,965,000	\$3,375,300	\$3,382,400	\$7,100
Uniform School Fund	2,241,600	2,352,600	2,353,300	700
Transportation Fund	535,500	535,500	535,500	
Federal Funds	492,600	414,100	412,000	(2,100)
General Fund Restricted	946,500	978,100	989,200	11,100
Total	\$7,181,200	\$7,655,600	\$7,672,400	\$16,800
% Change		6.6%	0.2%	(99.8%)
Expenditures				
Personal Services	\$6,375,800	\$6,720,800	\$6,736,600	\$15,800
Travel	455,100	538,000	538,000	
Current Expense	335,700	379,800	380,800	1,000
Data Processing	14,600	17,000	17,000	
DP Capital				
Total	\$7,181,200	\$7,655,600	\$7,672,400	\$16,800
% Change		6.6%	0.2%	
Standard FTE	136.00	134.00	134.00	0.00
Expansion FTE				

Summary

Auditing enhances voluntary taxpayer compliance through selective audit examination of taxpayer returns and supporting records. The examination of tax returns determines that taxes due have been properly reported. The Division has auditing, educational and customer service aspects to help taxpayers report future taxes properly.

The Auditing Division is responsible for auditing all taxes except property tax, and conducts audits in-house and at the taxpayers' place of business. It also conducts compliance audits and investigates suspect fraud and evasion.

Performance Measures Three primary goals have been established by the Division.

- 1) Complete the number of audits goal established for the year.

Fiscal Year	# of Audits Completed	% Change
FY 1995	18,011	
FY 1996	27,746 *	54.0%
FY 1997	31,325	13.0%
FY 1998	23,670	(24.4%)

* Starting in FY 1996, auditor resources were shifted from performing withholding audits in the field to doing individual income tax audits in the office. Office audits can be completed considerably faster. Reduced staff and system changes have decreased the number of audits done in FY 1998.

- 2) Obtain a high level of taxpayer satisfaction with the audit process as measured through ongoing surveys.

Yearly survey input is sought from taxpayers and results are being incorporated into the action plans for improving division performance. An example improvement is providing more specific training on issues raised in questionnaire feedback.

- 3) Consistently provide division staff with clear, accurate and timely communication of relevant information as measure through survey results.

Yearly survey input is sought from division staff and results are being incorporated into the action plans for improving division performance. An example of improvement is division communication of new rules and bulletins.

3.3 Programs: Utah State Tax Commission - Multistate Compact

Recommendation

The Analyst recommends a budget of \$174,300. This is the membership dues and auditing fees paid to the Multistate Tax Commission. This national organization provides data to its subscribers and performs auditing services on issues which traverse State lines.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$75,600	\$81,900	\$81,900	\$0
Uniform School Fund	92,400	92,400	92,400	
Total	\$168,000	\$174,300	\$174,300	\$0
% Change		3.8%	0.0%	
Expenditures				
Travel	\$7,000	\$6,000	\$6,000	\$0
Current Expense	161,000	168,300	168,300	
Total	\$168,000	\$174,300	\$174,300	\$0
% Change		3.8%	0.0%	
Standard FTE				
Expansion FTE				

Summary

The MultiState Tax Commission (MTC) is an agency of State governments designed to help make State tax systems fair, effective and efficient as they apply to interState and international commerce. It is also an effort to protect State tax sovereignty. The two primary functions of the MultiState Tax Commission are the joint audit program and the Nexus Program.

The MultiState Tax Commission maintains a joint program that audits businesses for several States at the same time for both sales and corporate income taxes. Accordingly, the Commission encourages compliance with State tax laws, generates tax revenues for States, contributes to uniformity in taxpayer treatment and helps States learn about new industry conditions and circumstances.

States participate in the National Nexus Program to help encourage voluntary disclosure and discover businesses that are not filing returns with States. The program facilitates an exchange of information between States to identify business reporting or filing inconsistencies with these States.

3.4 Program: Utah State Tax Commission - Technology Management Division

Recommendation

The Analyst recommends funding of \$9,083,900 for FY 2000. General Fund and Uniform School Fund make up over 80 percent of this program budget. The increases between FY 1998 and FY 1999 reflect the appropriations and shifts for expenses related to operation and maintenance of the Commission's systems and UTAX support.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$4,600,100	\$5,367,300	\$5,260,400	(\$106,900)
Uniform School Fund	2,050,300	2,087,300	2,011,400	(75,900)
Transportation Fund	558,400	558,400	558,400	
Federal Funds		43,000		(43,000)
General Fund Restricted	1,734,400	1,516,700	1,238,300	(278,400)
Dedicated Credits	18,700	28,000	15,400	(12,600)
Total	\$8,961,900	\$9,600,700	\$9,083,900	(\$516,800)
% Change		7.1%	(5.4%)	
Expenditures				
Personal Services	\$4,328,500	\$4,878,800	\$4,894,700	\$15,900
Travel	22,900	40,000	40,000	
Current Expense	618,700	297,400	310,600	13,200
Data Processing	3,715,200	4,084,500	3,528,600	(555,900)
DP Capital	276,600	300,000	310,000	10,000
Total	\$8,961,900	\$9,600,700	\$9,083,900	(\$516,800)
% Change		7.1%	(5.4%)	
Standard FTE	73.00	79.00	79.00	0.00
Expansion FTE				

Summary

The Technology Management Division operates and maintains the agency's existing computer systems. The Division develops and installs new automated systems to meet specialized demands. It also provides service to internal customers through a system-wide "help desk."

There are over 40 different tax systems. Many of these require separate software packages and hardware systems. These are supported by the Technology Management Division.

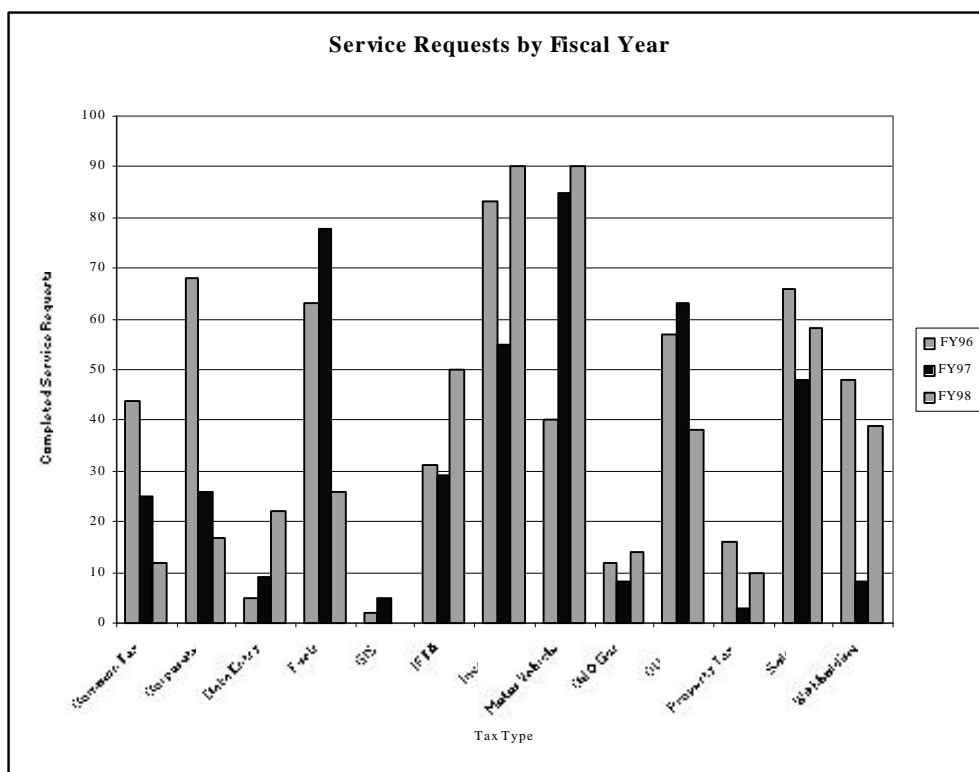
IFTA / IRP System Licensing Fees

The Tax Commission provides oversight of the International Fuel Tax Agreements (IFTA) and the International Registration Plan (IRP) for Utah, as authorized in Utah Code 59-13-5. A third party vendor, R.L Polk, provides software which the Tax Commission will use to administer the State's motor carrier registration and fuel tax collection processes.

Performance Measures

Technology Management provides support services to the rest of the agency's divisions enabling them to more efficiently complete their revenue collecting functions.

- 1) Resolve or route help desk calls by resolving 85 percent of calls on first contact.
 - a. Resolved 90 percent of help desk calls internally.
- 2) Complete assigned programming service requests in a timely and efficient manner.



- 3) Provide reliable system back-up on a daily basis to support the various tax and Motor Vehicle systems enabling Tax Commission employees to efficiently respond to taxpayer inquiries.
 - a. This support meets the needs of system users most of the time.

3.5 Program: Utah State Tax Commission - Tax Processing Division

Recommendation

The Analyst funding recommendation for the Tax Processing Division is \$8,335,400. Funding was shifted between FY 1998 and FY 1999 from Customer Service to anticipate the need for additional Current Expense for contractual processing support. This effort improved the efficiency of the Commission.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,682,400	\$2,043,000	\$2,136,200	\$93,200
Uniform School Fund	4,138,700	4,695,200	4,370,400	(324,800)
Transportation Fund	630,600	630,600	630,600	
General Fund Restricted	1,149,900	1,175,000	1,183,200	8,200
Dedicated Credits	14,400	26,900	15,000	(11,900)
Total	\$7,616,000	\$8,570,700	\$8,335,400	(\$235,300)
% Change		12.5%	(2.7%)	
Expenditures				
Personal Services	\$4,654,400	\$5,024,200	\$5,061,800	\$37,600
Travel	6,700	19,000	19,000	
Current Expense	2,860,700	3,064,600	3,159,700	95,100
Data Processing	77,200	74,900	74,900	
Capital Outlay	17,000	388,000	20,000	(368,000)
Total	\$7,616,000	\$8,570,700	\$8,335,400	(\$235,300)
% Change		12.5%	(2.7%)	
Standard FTE	154.00	158.75	160.50	1.75
Enhancement FTE				

Summary

The Tax Processing Division designs and prints tax forms, publications, license plates and decals. It is responsible for archiving and processing paper and electronic tax documents and depositing of funds. It also processes motor vehicle transactions for more than 1.5 million vehicles per year, including recreational vehicles, vessels, private aircraft, and interState commercial vehicles.

Income Tax Booklets

Privacy issues have impacted the way the Tax Commission does business. The tax payer identification number can no longer be used on the outside mailing label. The recommendation of \$80,000 ongoing funding will enable the Commission to place the labels with the taxpayer's name, address and social security number inside the tax booklet. This will provide privacy to the taxpayer while supplying the necessary information to prevent errors and mishandling by the Commission.

		FY 2000
Ongoing Funding		Analyst
General Fund		\$80,000
Expenditures		
Current Expense		\$80,000
Total		\$80,000
Expansion FTE		0.00

Remittance Equipment Replacement

Tax payments made to the State are processed through equipment called Remittance Processors. The 1998 Legislature appropriated \$360,000 to purchase two new remittance processors with the understanding that this would accommodate the work of the three old machines. The three previous remittance processors and accompanying systems were ten and twelve years old and based on 286 and 386 chip technology. No funding is available to purchase another new processor for \$180,000. The Subcommittee may want to consider a recommendation to the Executive Appropriations Committee or appropriating funding from the license plate production nonlapsing balances. This is related to motor vehicles but not specifically license plate production.

Performance Measures

Processing deals with both paper and electronic filings, deposits and archival of documents. The following measures have been reported by the Division:

- 1) Efficiently process the large number of documents received at the Tax Commission each year.

Tax Type	FY 1996	FY 1997	FY 1998
Income	1,072,554	1,200,205	1,237,172
Withholding	336,274	375,696	391,482
Fuel	39,333	31,845	26,226
Common/Sales	478,486	513,836	520,092
Corporate	94,933	101,321	100,080
Fiduciary	15,488	16,593	17,226
Miscellaneous	14,800	16,094	14,662
Motor Vehicle	<u>2,064,015</u>	<u>2,189,843</u>	<u>2,258,642</u>
Total	4,115,883	4,445,433	4,565,582

- 2) Deposit revenues received at the Tax Commission within 24 hours of receipt.
 - a.) This goal is being met with few exceptions.

- 3) Income Tax return checks deposited within 10 working days after receipt. All return information to be entered by June 30.
 - a.) Check deposit targets were met for the past two years.
 - b.) Return information target was met in FY 1996 and was only 6 days behind the target for 1997, and on target for FY 1998.

3.6 Programs: Utah State Tax Commission - Seasonal Employees**Recommendation**

The Analyst recommends funding of \$686,400 for the Seasonal Employees. There is little change from FY 1999.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$541,600	\$586,600	\$586,600	
Uniform School Fund	62,100	65,100	65,400	\$300
General Fund Restricted	33,300	34,300	34,400	100
Total	\$637,000	\$686,000	\$686,400	\$400
% Change		7.7%	0.1%	
Expenditures				
Personal Services	\$636,800	\$686,000	\$686,000	
Current Expense	200		400	\$400
Total	\$637,000	\$686,000	\$686,400	\$400
% Change		7.7%	0.0%	
Standard FTE	29.00	29.00	29.00	0.00
Enhancement FTE				0.00

Summary

Seasonal employees are an important factor in the efficient operation of the Utah State Tax Commission. Workloads vary sharply throughout the year. The Processing Division utilizes temporary employees during high volume document filing periods, such as the spring for income tax returns and each quarter for business tax returns.

3.7 Program: Utah State Tax Commission - Collections Division

Recommendation

The Analyst recommends funding of \$4,842,200 for FY 2000. There are minor adjustments in the revenue sources but no significant change from FY 1999. Expenditure changes are resulting from Internal Service Fund adjustments.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$2,443,000	\$2,469,700	\$2,498,000	\$28,300
Uniform School Fund	1,604,700	1,675,800	1,685,700	9,900
Transportation Fund	330,000	330,000	330,000	
General Fund Restricted	299,400	307,900	305,900	(2,000)
Dedicated Credits	56,000	20,300	22,600	2,300
Total	\$4,733,100	\$4,803,700	\$4,842,200	\$38,500
% Change		1.5%	0.8%	
Expenditures				
Personal Services	\$4,250,000	\$4,295,800	\$4,295,800	
Travel	11,000	14,000	14,000	
Current Expense	454,500	476,300	514,800	\$38,500
Data Processing	17,600	17,600	17,600	
Total	\$4,733,100	\$4,803,700	\$4,842,200	\$38,500
% Change		1.5%	0.8%	
Standard FTE	105.00	103.00	103.00	0.00
Enhancement FTE				0.00

Summary

The Collection Division promotes accounts receivable reduction through providing customer service, collection of taxes and encouraging future compliance. The Division manages the bankruptcy claim filing and has delegated authority to administer waiver penalty / interest and offer-in-compromise programs.

Performance Measures

The Division has been successful in increasing the percentage of collections. Technology has enhanced the ability to track potential revenue. The performance measures listed below indicate the amount the total outstanding accounts receivable was reduced. Performance measures include:

- 1) Efficiently processing and closing delinquent collection accounts.

Fiscal Year	Collection accounts cleared	% Change
1996	14,652	
1997	17,808	21.5%
1998	27,877	56.5%

- 2) Reducing the amount of agency receivables.

Fiscal Year	Total Accounts Receivable Reduction*	% Change
1996	121,467,594	
1997	97,980,000	(19.3%)
1998	97,198,000	(0.8%)

* Analyst note - All accounts reported in the accounts receivable reduction are delinquent accounts. Reductions are made by collection, writing off the debt, or resolved in other ways.

- 3) Maintaining a low ratio of Division expenses per dollar of revenue collected:

Fiscal Year	Cost per Dollar of Revenue Collected
1996	.09
1997	.08
1998	.07

3.8 Programs: Utah State Tax Commission - Property Tax Division

Recommendation The Analyst recommendation of \$3,925,900 includes \$201,300 General Fund and \$3,638,600 Uniform School Fund. Property tax is a major source of revenue for the Uniform School Fund.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$29,200	\$194,600	\$201,300	\$6,700
Uniform School Fund	3,483,300	3,606,400	3,638,600	32,200
Dedicated Credits	91,900	85,300	86,000	700
Total	\$3,604,400	\$3,886,300	\$3,925,900	\$39,600
% Change		7.8%	1.0%	
Expenditures				
Personal Services	\$3,171,100	\$3,201,600	\$3,202,100	\$500
Travel	73,900	88,000	90,000	2,000
Current Expense	332,100	565,000	600,500	35,500
Data Processing	27,300	31,700	33,300	1,600
Total	\$3,604,400	\$3,886,300	\$3,925,900	\$39,600
% Change		7.8%	1.0%	
Standard FTE	62.00	61.00	61.00	0.00
Enhancement FTE				0.00

Summary The Property Tax Division appraises and audits the natural resource properties as well as the companies whose properties cross county or State lines, such as airlines, motor carriers, railroads, and utilities.

The Division works with local officials who have direct statutory responsibilities for operating local property tax systems to assure equitable and accurate assessment and taxation. The Division also administers the Truth-in-Taxation law.

Performance Measures The three top performance measures used by the Commission to evaluate the Property Tax Division are:

- 1) Complete 100 percent of Centrally Assessed valuation, Sales Ratio study and Personal Property audits.
- 2) Provide high quality service to elected county offices as measured through survey results.

Yearly survey input is sought from county officials and results are being incorporated into action plans for improving division performance. An example is providing counties with increased training on specific issues raised in questionnaire feedback. Achieved an overall satisfaction of 4.0 on 1997 survey on a 1-5 scale, and 3.6 on the 1998 survey.

- 3) Provide responsive, competent and courteous service to taxpayers as measured through ongoing surveys of those served.

Yearly survey input is sought from county officials and results are being incorporated into action plans for improving division performance. An example is improved monitoring of assignments on specific issues raised in questionnaire feedback. Achieved an overall satisfaction of 3.8 on 1997 survey on a 1-5 scale, and 3.9 on the 1998 survey.

3.9 Programs: Utah State Tax Commission - Customer Service Division

Recommendation

The Analyst budget recommendation for the Customer Service Division is \$9,718,900. The FY 2000 difference results from a shift of resources in the current year within the Commission to address the transfer of responsibility from Salt Lake and Utah Counties to the Tax Commission for operation of the motor vehicle registration process. FTE are being added to replace work previously done by county staff.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$3,686,900	\$4,388,100	\$3,930,100	(\$458,000)
Transportation Fund	2,189,100	2,189,100	2,189,100	
Federal Fund	30,000			
General Fund Restricted	646,600	679,600	688,200	8,600
Dedicated Credits	1,894,600	2,502,500	2,911,500	409,000
Total	\$8,447,200	\$9,759,300	\$9,718,900	(\$40,400)
% Change		15.5%	(0.4%)	
Expenditures				
Personal Services	\$5,077,300	\$6,734,400	\$7,352,900	\$618,500
Travel	13,200	16,000	16,000	
Current Expense	3,247,700	2,994,900	2,350,000	(644,900)
Data Processing	28,400	14,000		(14,000)
DP Capital	80,600			
Capital Outlay				
Total	\$8,447,200	\$9,759,300	\$9,718,900	(\$40,400)
% Change		15.5%	(0.4%)	
Standard FTE	142.00	188.25	210.50	22.25
Enhancement FTE				

Summary

Customer Service maintains front-line contact with the public on tax and motor vehicle transactions. The Division trains staff in counties that contract to administer motor vehicle programs. It provides positive vehicle ownership to individuals and financial institutions.

A major responsibility is education. The Division offers tax education classes on State taxes to business and presents workshops jointly with other State and federal agencies.

Motor Vehicle County and Branch Operations Contract Fees

Utah Code Annotated 59-2-406 authorizes the Tax Commission to contract with county governments, at the counties' option, for the combined collection of the county's fee-in-lieu and Title 1 Motor Vehicle Fees. Subsection 406(3) directs the Tax Commission to recommend a reimbursement fee..."sufficient to cover the costs of collecting the fees. The reimbursement fees shall be appropriated by the Legislature."

The reimbursement fees shall be appropriated by the Legislature."

Under the current method of reimbursement, as transaction volume increases, so do the contracted costs. Based on the historical trend of a five percent increase in transaction volume, and the prior year's 1.6 percent Consumer Price Index adjustment, the Analyst recommends \$71,200 ongoing General Fund increase to pay for county transaction fees.

		FY 2000
		Analyst
Ongoing Funding		
General Fund		<u>\$71,200</u>
Expenditures		
Current Expense		<u>\$71,200</u>
Total		<u>\$71,200</u>

Motor Vehicle Branch Operations

As cited above, Utah Code Annotated 59-2-406 authorizes the Tax Commission to contract with county governments, at the counties' option, for the combined collection of the county's fee-in-lieu and Title 1 Motor Vehicle Fees. Several counties have elected to return the motor vehicle registration functions back to the State. Fees that used to be sent to the counties, and revenues from the counties will now be used to fund the State-paid payroll and current expenses for the motor vehicle operations and functions.

Salt Lake County maintained two locations for this purpose, one paid for by the State and the other by the county. The county is no longer willing to pay for the second office. The lease is for \$104,400 annually. The Analyst recommends \$12,500 ongoing General Fund with the remainder being paid from efficiency savings within the Commission.

		FY 2000
		Analyst
Ongoing Funding		
General Fund		<u>\$12,500</u>
Expenditures		
Current Expense		<u>\$12,500</u>
Total		<u>\$12,500</u>

Performance Measures

The performance measures for the Customer Service Division are:

- 1) Efficiently handle the large number of phone calls on tax and motor vehicle issues.

Fiscal Year	Total Telephone Calls	% Change
1996	651,934	
1997	696,343	6.8%
1998	778,350	11.8%

- 2) Emphasis has been placed on increasing compliance through increased outreach training to citizens on motor vehicle and tax laws.

- a) These training sessions Increased by 75% over 1996 with positive feedback from those who participated.
- 3) Success in our motor vehicle offices and contracts with county governments has been a high priority.
 - a) Efforts in Fiscal Year 1997 included the development and distribution of new Motor Procedures, manuals, and increased training. Progress is being made on areas targeted for improvements.

3.10 Programs: Utah State Tax Commission - Motor Vehicle Enforcement Division**Recommendations**

The Analyst recommends funding of \$1,857,400. Revenue is from General Fund (\$660,100) and Dedicated Credits, (\$1,197,300) collected at the center in Salt Lake City through fees and fines.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$510,000	\$663,300	\$660,100	(\$3,200)
Federal Funds		45,000		(45,000)
Dedicated Credits	1,192,800	1,136,400	1,197,300	60,900
Total	\$1,702,800	\$1,844,700	\$1,857,400	\$12,700
% Change		8.3%	0.7%	
Expenditures				
Personal Services	\$1,413,500	\$1,464,300	\$1,484,900	\$20,600
Travel	9,200	12,000	12,000	0
Current Expense	277,200	342,000	334,100	(7,900)
Data Processing	2,900	11,300	11,300	0
Capital Outlay		15,100	15,100	0
Total	\$1,702,800	\$1,844,700	\$1,857,400	\$12,700
% Change		8.3%	0.7%	
Standard FTE	30.00	30.00	30.00	0.00
Enhancement FTE				0.00

Summary

The Motor Vehicle Enforcement Division protects Utah citizens from fraud related to motor vehicle commerce and fosters an atmosphere for a healthy sales environment in the motor vehicle industry. The Division regulates the automobile industry and investigates commercial auto theft, salvage vehicle fraud, odometer fraud, and other vehicle-related crimes.

Performance Measures

Performance for the Motor Vehicle Division is measured by:

- 1) Efficiently issuing licences, conducting investigations and processing revenue related to the enforcement of Motor Vehicle laws.

Measurement:	FY 1996	FY 1997	FY 1998	% Change
Number of M.V. Related Business Licences Issued	7,954	8,494	8,195	(3.5%)
Number of Investigations	5,389	6,380	5,965	(6.25%)
Total Revenues	3,131,595	2,850,717	3,169,325	11.2%

- 2) Number of Investigations by category:

Investigation Type	Cases Investigated	Criminal Counts	Citations	Summons Served	Traffic Stops	Impounds	Recovered Stolen
FY 1996	2,242	313	1,123	68	1,311	124	93
FY 1997	2,197	232	1,727	28	1,610	138	200
FY 1998	1,686	309	1,536	24	1,938	153	224

3.11 Programs: Utah State Tax Commission - License Plate Production**Recommendation**

The Analyst recommends a budget of \$2,326,800. The recommendation is from Dedicated Credits and Nonlapsing Balances. Funding is separated from the rest of the Tax Commission budget though a separate line item.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$2,300,600	\$2,326,800	\$2,326,800	\$0
Beginning Nonlapsing	2,765,900	2,939,900	2,939,900	
Closing Nonlapsing	(2,939,900)	(2,939,900)	(2,939,900)	
Total	\$2,126,600	\$2,326,800	\$2,326,800	\$0
% Change		9.4%	0.0%	
Expenditures				
Current Expense	\$2,126,600	\$2,326,800	\$2,326,800	\$0
Total	\$2,126,600	\$2,326,800	\$2,326,800	\$0
% Change		9.4%	0.0%	

Summary

This program pays for materials and labor for the State Prison license plate production operation. The process includes stamping the plates, application of reflective materials, and sorting. Funding comes from the fee paid when acquiring license plates. The funds are Nonlapsing by Utah Code Annotated 41-1-43.

3.12 Programs: Utah State Tax Commission - Liquor Profit Distribution**Recommendation**

The Analyst recommends a flat budget of \$2,609,000 for Liquor Profit Distribution. This appropriation is recommended as a separate line item.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$2,609,000	\$2,609,000	\$2,609,000	\$0
Total	\$2,609,000	\$2,609,000	\$2,609,000	\$0
% Change		0.0%	0.0%	
Expenditures				
Pass-Through	2,609,000	\$2,609,000	\$2,609,000	\$0
Total	\$2,609,000	\$2,609,000	\$2,609,000	\$0
% Change		0.0%	0.0%	

Summary

Current statute 32a-1-115 Utah Code Annotated 1953 provides that:

“The Legislature shall provide an appropriation from the General Fund from liquor control profits to cities, towns, and counties and from the proceeds of the beer excise tax... in an amount not exceeding \$4,350,000. The appropriation is used exclusively for programs or projects related to prevention, detection, prosecution, and control of violations of this title and other alcohol related offenses. The portion distributed under this section to counties is also used for the confinement or rehabilitation, and construction and maintenance of facilities for confinement or rehabilitation, of persons arrested for or convicted of alcohol-related offenses...”.

Distribution Formula

The distribution formula is:

- 25 percent to cities, counties and towns based on population;
- 30 percent to cities, counties and towns based on alcohol related convictions;
- 20 percent to cities, counties and towns based on the number of liquor stores;
- 25 percent to counties for facilities based on population.

The distribution is approximately:

- Salt Lake County - 39 percent
- Utah County - 14 percent
- Davis County - 10 percent
- Weber County - 9 percent
- Other Counties - 28 percent

3.13 Programs: Utah State Tax Commission - Fees**SCHEDULE OF FEES**

Fee Title	FY 1998 Current Rate	FY 1999 Proposed Rate	Rate Difference	Percent Change
Temporary Permit	6.00	6.00		
Liquor Profit Distribution Fee	6.00	6.00		
Microfilm Research Fee	6.50	6.50		
Data Processing Set-Up	55.00	55.00		
Lien Subordination (not to exceed)	300.00	300.00		
Motor Vehicle Information	2.00	2.00		
Salvage Vehicle Inspection Fee	50.00	50.00		
IFTA ReinStatement Fee	100.00	100.00		
Special Group L.P. Fee - Decal Program (plus Standard Plate fee-\$5.00)	2.50	2.50		
Special Group L.P. Fee - Plate Program	3.50	3.50		
Custom Programming Fee / Hour	85.00	85.00		
Research Fee (Special Requests) / Hour	20.00	20.00		
Photocopies (over 10 copies) / Page	0.10	0.10		
Faxed Document Processing Fee / Page	1.00	1.00		
Dismantlers Retitling Inspection Fee	50.00	50.00		
Certified Document Fee	5.00	5.00		
IFTA Decal Fee / Set	4.00	4.00		
CD Rom Tax Law Library	60.00	60.00		
Microfiche - MV Records (public)-	200.00	200.00		
Microfiche - MV Records (government.)-	85.00	85.00		
Sample License Plates	5.00	5.00		
Olympic Sample License Plates (including \$17.00 donation)	22.00	22.00		
Motor Carrier Unit Cost Report	10.00	10.00		
Tax Clearance Fee	50.00	50.00		
Aircraft Registration Fee	25.00	25.00		
<u>Motor Fuel Reports</u>	<u>55.00</u>	<u>55.00</u>	New to list	
<u>Motor Vehicle Transaction Fee - per Standard Unit</u>	<u>1.00</u>	<u>1.016</u>	<u>0.016</u>	<u>1.6%</u>
<u>CD of Motor Vehicle Information (public record)</u>		<u>110.00</u>	<u>110.00</u>	
Motor Fuel License	30.00	30.00		
Special Fuel License	30.00	30.00		
<u>Disabled Placard Replacement</u>	<u>5.00</u>	<u>0.00</u>	<u>(5.00)</u>	<u>(100.0%)</u>
Motor Carrier Cab Card	3.00	3.00		
Motor Carrier Duplicate Registration	3.00	3.00		
Special Fuel Trip Permit (96 hr)	20.00	20.00		
Cigarette Tax License	30.00	30.00		
Motor Vehicle Manufacturer's Plates	8.00	8.00		
Motor Vehicle Dealer Plates	10.00	10.00		
Motor Vehicle Dismantler's Plates	8.00	8.00		
Motor Vehicle Transporters Plates	8.00	8.00		
Motor Vehicle Manufacturer's License	100.00	100.00		
Motor Vehicle Dealer License	125.00	125.00		

Fee Title	FY 1998 Current Rate	FY 1999 Proposed Rate	Rate Difference	Percent Change
Motor Vehicle Transporters License	50.00	50.00		
Small Trailer - Dealer License	50.00	50.00		
Motor Vehicle Body Shop License	110.00	110.00		
Used Motor Vehicle Dealer License	125.00	125.00		
Motor Vehicle Dismantler's License	100.00	100.00		
Mtr Vehicle Salesman's License	30.00	30.00		
Mtr Vehicle Salesman's License Transfer	5.00	5.00		
Motor Vehicle Crusher's License	100.00	100.00		
Motor Vehicle Remanufacturer's License	100.00	100.00		
Used Motor Cycle Dealer License	50.00	50.00		
New Motor Cycle Dealer License	50.00	50.00		
Representative License	25.00	25.00		
M.V. Dealer addl place of business	25.00	25.00		
Distributor's License	60.00	60.00		

4.0 Tables: Utah State Tax Commission

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Programs	Actual	Actual	Actual	Estimated	Analyst
Administration Division	\$4,582,200	\$5,297,900	\$7,212,800	\$5,485,200	\$5,853,300
Auditing Division	6,364,500	6,420,600	7,181,200	7,655,600	7,672,400
Multi-State Compact	160,400	172,600	168,000	174,300	174,300
Technology Management Division	8,115,900	8,379,400	8,961,900	9,600,700	9,083,900
Tax Processing Division	7,284,600	7,166,900	7,616,000	8,570,700	8,415,400
Seasonal Employees	597,700	593,400	637,000	686,000	686,400
Collections Division	5,300,000	5,442,700	4,733,100	4,803,700	4,842,200
Property Tax Division	3,564,900	3,673,000	3,604,400	3,886,300	3,925,900
Customer Service Division	7,980,700	7,887,400	8,447,200	9,759,300	9,802,600
Motor Vehicle Enforcement Division	1,529,400	1,628,000	1,702,800	1,844,700	1,857,400
License Plate Production	1,408,900	1,941,400	2,126,600	2,326,800	2,326,800
Liquor Profit Distribution	3,909,000	3,909,000	2,609,000	2,609,000	2,609,000
Total	\$50,798,200	\$52,512,300	\$55,000,000	\$57,402,300	\$57,249,600
% Change	1.4%	3.4%	4.7%	4.4%	(0.3%)
Standard FTE	806.60	791.50	806.00	858.00	882.00
Expansion FTE			0.00	0.00	0.00

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$23,014,500	\$23,554,300	\$22,794,400	\$23,953,500	\$23,968,800
Uniform School Fund	14,319,600	14,905,800	15,265,600	16,147,400	15,789,800
Transportation Fund	4,851,000	4,851,000	4,857,400	4,857,400	4,857,400
Federal Funds	558,100	601,400	522,600	502,100	412,000
General Fund Restricted	5,791,700	4,578,700	5,101,100	4,993,600	4,746,000
Dedicated Credits	4,808,000	5,074,800	5,615,300	6,198,300	6,647,000
Beginning Nonlapsing	2,229,800	4,440,400	5,494,100	4,650,500	3,900,500
Closing Nonlapsing	(4,440,400)	(5,494,100)	(4,650,500)	(3,900,500)	(3,071,900)
Lapsing	(334,100)				
Total	\$50,798,200	\$52,512,300	\$55,000,000	\$57,402,300	\$57,249,600
% Change		3.4%	4.7%	4.4%	(0.3%)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Expenditures	Actual	Actual	Actual	Estimated	Analyst
Personal Services	\$31,533,400	\$32,097,400	\$33,754,300	\$37,095,400	\$37,804,300
Travel	696,500	611,000	674,300	830,100	832,100
Current Expense	9,820,100	11,633,400	11,122,500	11,299,900	11,015,900
Data Processing	4,500,200	3,854,700	5,287,600	4,864,800	4,643,200
DP Capital	219,900	395,500	357,200	300,000	310,000
Capital Outlay	119,100	11,300	1,195,100	403,100	35,100
Pass-Through	3,909,000	3,909,000	2,609,000	2,609,000	2,609,000
Total	\$50,798,200	\$52,512,300	\$55,000,000	\$57,402,300	\$57,249,600
% Change		3.4%	4.7%	4.4%	(0.3%)
Standard FTE					
Expansion FTE					

5.0 Federal Funds: Utah State Tax Commission

Program		FY 1998 Actual	FY 1999 Estimated	FY 2000 Analyst	Difference
Auditing Division Minerals Management Service	Federal	\$492,600	\$414,100	\$412,000	(\$2,100)
	State				0
	Total	492,600	414,100	412,000	(2,100)
Technology Mgt. Division International Fuel Tax Agreement	Federal	\$0	\$43,000	\$0	(\$43,000)
	State				0
	Total	0	43,000	0	(43,000)
Customer Service Division International Fuel Tax Agreement	Federal	\$30,000	\$0	\$0	\$0
	State				0
	Total	30,000	0	0	0
Motor Vehicle Enforcement Dvn Odometer Fraud Training Grant	Federal	\$0	\$45,000	\$0	(\$45,000)
	State				0
	Total	0	45,000	0	(45,000)
Total		522,600	502,100	412,000	(90,100)
Total		0	0	0	0
Grand		\$522,600	\$502,100	\$412,000	(\$90,100)